



6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[EPA-R10-OAR-2012-0211; FRL-9655-5]

Air Pollution Control: Proposed Action on Clean Air Act Grants to the Idaho Department of Environmental Quality; Proposed Determination with Request for Comments; and a Notice of Opportunity for a Public Hearing

AGENCY: U. S. Environmental Protection Agency (EPA).

ACTION: Notice; Proposed determination with request for comments; and a notice of opportunity for a public hearing.

SUMMARY: The U.S. EPA has made a proposed determination that reduction in expenditures of non-Federal funds for the Idaho Department of Environmental Quality (IDEQ) in support of its continuing air program under Clean Air Act (CAA) Section 105 for the period of calendar year 2010 was not selective relative to the expenditures of all other executive branch agencies in the State for the same period. This determination, when final, will reset IDEQ's required recipient maintenance of effort level for 2010 and 2011, retain its federal award for the 2010 and 2011 grant years, and allow IDEQ to remain eligible for a §105 grant for 2012 and beyond.

DATES: Comments and/or requests for a public hearing must be received by EPA at the address stated below by **[Insert date 30 days after publication date in the Federal Register]**.

ADDRESSES: Submit your comments, identified by Docket ID No. EPA-R10-OAR-2012-0211, by one of the following methods:

- <http://www.regulations.gov> , Follow the online instructions for submitting comments.
- E-mail: McGown.Michael@epa.gov
- Mail: Michael McGown, U.S. Environmental Protection Agency, Region 10, 1435 North Orchard, Boise, ID 83706.

FOR FURTHER INFORMATION CONTACT: Michael McGown, Region 10, Idaho Operations Office, 1435 North Orchard, Boise, ID, 83706, phone: (208)-378-5764, fax: (208)-378-5744, or e-mail address at *mcgown.michael@epa.gov*.

SUPPLEMENTARY INFORMATION:

Section 105 of the Clean Air Act (CAA) provides grant support for the continuing air programs of eligible state, local and tribal agencies. Section 105 contains two cost-sharing provisions to initially qualify for a §105 grant under §105(a)(1)(A). An eligible entity must meet a minimum match and to remain eligible for Section 105 grant funds, an eligible entity must continue to meet the match as well as meet a maintenance of effort (MOE) requirement under §105(c)(1). The match requires that at least 2/5 of the total costs for approved §105 program activities must be paid by the state/local recipient. Program activities relevant to the match consist of *both* recurring and non-recurring (unique, one-time only) expenses.

The MOE provision requires that a state or local agency spend at least the same dollar level of funds as it did in the previous grant year but only for the costs of recurring activities.

Specifically, §105(c)(1) [42 U.S.C. § 7405(c)(1)], provides that “no agency shall receive any grant under this section during any fiscal year when its expenditures of non-Federal funds for recurrent expenditures for air pollution control programs will be less than its expenditures were for such programs during the preceding fiscal year. Pursuant to CAA §105(c)(2), however, EPA may still award a grant to an agency not meeting the requirements of §105(c)(1), “if the Administrator, after notice and opportunity for public hearing, determines that a reduction in expenditures is attributable to a non-selective reduction in the expenditures in the programs of all Executive branch agencies of the applicable unit of Government.” These statutory requirements are repeated in EPA’s implementing regulations at 40 CFR 35.140 through 35.148.

EPA issued additional guidance to recipients on what constitutes a nonselective reduction on September 30, 2011. In consideration of legislative history, the guidance clarified that a non-selective reduction does not necessarily mean that each Executive branch agency need be reduced in equal proportion. However, it must be clear to EPA, from the weight of evidence, that a recipient’s CAA-related air program is not being disproportionately impacted or singled out for a reduction.

A §105 recipient must submit a final financial status report no later than 90 days from the close of its grant period that documents all of its federal and non-federal expenditures for the completed period. The recipient seeking an adjustment to its MOE for that period must provide the rationale and the documentation necessary to enable EPA to make a determination that a non-selective reduction has occurred. In order to expedite that determination, the recipient must provide details of the budget action and the comparative fiscal impacts on all the jurisdiction’s

executive branch agencies, the recipient agency itself, and the agency's air program. The recipient should identify any executive branch agencies or programs that should be excepted from comparison and explain why. The recipient must provide evidence that the air program is not being singled out for a reduction or being disproportionately reduced. Documentation in two key areas will be needed: budget data specific to the recipient's air program and comparative budget data between the recipient's air program, the agency containing the air program and the other executive branch agencies. EPA may also request information from the recipient about how impacts on the its program operations will affect its ability to meet its CAA obligations and requirements.

In the case of IDEQ, EPA provides annual grant funding under the authority CAA §105 to help IDEQ support the operation of its CAA-related continuing air pollution control program. IDEQ's §105 annual grant period is based on the calendar year and as such is always impacted by two State budget years since the annual Idaho state budget cycle runs from July 1 of the current through June 30 of the following year. For the 2010 grant year EPA awarded the IDEQ \$1,497,516 in §105 funds. This represented 27.8% of the total approved program funding based on IDEQ's stated prospective contribution of \$3,891,016 in its own non-federal funds to cover the costs of both non-recurring and recurring activities. The State's portion of the total recurring costs was to have been at least \$3,842,589. This was the State's final level of recurrent expenditures for the 2009 grant year and constituted the required MOE level for the 2010 grant year.

However, on March 8, 2011, IDEQ informed EPA in writing that due to continued reductions in the State's overall budget for executive branch agencies, particularly in the State's SFY2011 budget (which funded the last 6 months of the calendar year 2010 grant), IDEQ would fall short of its required MOE level by \$452,789. The resulting contribution of \$3,389,800 would be 11.78% below the required level. EPA examined the IDEQ's request and confirmed that its 2010 final financial status report indicated a State contribution level of \$3,389,800 of recurrent expenditures.

In its March 8, 2011 letter to EPA, IDEQ requested an adjustment of its 2010 MOE level based upon a non-selective reduction. IDEQ also sought to retain its 2011 §105 award based on this lowered recipient contribution level. In support of its request IDEQ provided legislative appropriations information on State general fund levels by major departmental categories for the 2009, 2010 and 2011 budget years. In June, July and October of 2011, EPA requested additional clarifying information from IDEQ on the full range of state-only executive branch, IDEQ and air program appropriations and expenses for the 2010 grant period. IDEQ supplied additional information to EPA on July 21, July 25, October 17, October 27, and November 15th that further distinguished general fund, dedicated fund and federal stimulus resources. On November 28 and November 30, 2011 IDEQ further clarified its direct and indirect air program expenditures compared to changes in overall IDEQ environmental program expenditure levels, overall State general fund levels and overall State appropriations levels for the affected period. A summary of this information is shown in the tables below.

Table 1.
IDEQ General Fund Changes from SFY 2009 through SFY 2010
(Final Amounts in \$s)

IDEQ Budget Unit	2009	2010	Difference	% Change
Administration (Recurring Appropriation)*	3,115,800	2,823,700	-292,000	-9.37
Administration (One Time Appropriation)*	47,700	0	-47,700	-100.00
Air Program (Recurring Appropriation)	3,075,700	2,769,200	-306,500	-9.97
Air Program (One Time Appropriation)	1,023,700	32,000	-991,700	-96.87
Water Program (Recurring Appropriation)	7,847,700	6,012,700	-1,835,000	-23.38
Water Program (One Time Appropriation)	36,000	120,000	84,000	233.33
Waste Program (Recurring Appropriation)	2,769,200	2,450,500	-318,700	-11.51
Waste Program (One Time Appropriation)	0	0	0	n/a
INL Oversight Program	164,500	103,400	-61,100	-37.14
Coeur D'Alene Basin Commission	98,400	104,300	5,900	6.00
Total: Recurring Appropriation	17,071,300	14,263,800	-2,807,500	-16.45
Total: One Time Appropriation	1,107,400	152,000	-955,400	-86.27
Total: IDEQ	18,178,700	14,415,800	-3,762,900	-20.70

Notes: Table reflects comparison of general funds only. Dedicated state funds (e.g., non-Title V permit fees) are not included. Administration costs also need to be attributed to the various other program units. Addition of these funds would bring state recurring air totals for 2009 and 2010 to \$3,842,589 and \$3,389,800, respectively. Federal funds including ARRA funds are not included.

Table 1 compares overall IDEQ general funds expenses for years 2009 and 2010. While this table only shows general fund dollars, the inclusion of other dedicated funds by program unit shows similar results. As noted earlier, maintenance of effort is based solely on recurring program expenditures. The decline in recurring air program costs of just under 10% is less than the overall IDEQ budget decline of about 16.5% as well as the other individual program units of administration, water and waste. Only the smaller Coeur D'Alene Basin Commission showed any increase. Based on this information, a comparison of air program funding levels to other IDEQ programs shows that the air program was not singled out for a disproportionate or selective reduction. Table 2 compares both IDEQ and IDEQ Air program funding levels to the balance of other state agencies and programs. With only a few exceptions, the change in the IDEQ air program general funding level is consistent with changes in the budgets other state agencies and programs from 2009 to 2010. Comparison with all state agencies' aggregate

budgets – totals that also include dedicated sources of funds, i.e., inclusion of revenue streams or sources that may not be subject to direct executive branch control - shows a more variable picture. EPA considered the relative size of the agencies and their budgets, their mission (e.g., public safety, health, education) and their sources of funding. Based upon these considerations, EPA concluded that neither the air program nor IDEQ overall was singled out for a disproportionate or selective reduction when compared to all the other executive agencies from 2009 to 2010.

Accordingly, consistent with criteria set forth in CAA §105(c)(2) and consistent with the Agency's September 30, 2011 Guidance on qualifying for a non-selective reduction, EPA has determined that it is appropriate to approve IDEQ's request for a non selective reduction in its level of recurring expenditures for the 2010 grant year for its air program grant. The revised MOE level for 2010 and 2011 grant years is \$3, 389,800.

	Table 2. Weight of Evidence Analysis							
	(Federal Funds including ARRA resources, are not included wherever possible.)							
	2009 Actuals	2009 Actuals	2009 Actuals	2010 Actuals	2010 Actuals	2010 Actuals	Total Actuals	GF-Only Actuals
	General Funds	Dedicated Funds	Total	General Funds	Dedicated Funds	Total	% Change: '09 to '10	% Change: '09 to '10
Idaho State Government *								
Executive Branch Agencies (GF Average w/o IDEQ Air)	2,749,425,400	1,121,068,800	3,870,494,200	2,363,815,600	1,119,477,400	3,483,293,000	-10.00%	-14.03%
IDEQ Air Program Grant Year (State Recurring Funds Only)	3,695,402	147,187	3,842,589	3,242,613	147,187	3,389,800	-11.78%	-12.25%
IDEQ (including IDEQ Air) **	18,026,700	5,309,700	23,336,400	14,263,800	8,680,100	22,943,900	-1.68%	-20.87%
Department of Fish and Game	0	40,840,400	40,840,400	0	39,919,800	39,919,800	-2.25%	n/a
Board of Land Commissioners **	5,085,500	27,619,500	32,705,000	4,079,200	36,241,300	40,320,500	23.29%	-19.79%
Department of Parks and Recreation	15,995,600	23,026,000	39,021,600	6,311,700	22,460,000	28,771,700	-26.27%	-60.54%
Department of Water Resources	13,330,800	2,813,200	16,144,000	11,295,500	3,967,200	15,262,700	-5.46%	-15.27%
Total Natural Resources	52,438,600	99,608,800	152,047,400	35,950,200	111,268,400	147,218,600	-3.18%	-31.44%
Public School Support **	1,333,445,100	148,442,600	1,481,887,700	1,148,614,700	148,901,300	1,297,516,000	-12.44%	-13.86%
State Board of Education **	417,719,500	164,603,000	582,322,500	355,536,900	168,111,600	523,648,500	-10.08%	-14.89%
Other Education	14,998,000	1,461,300	16,459,300	0	0	0	-100.00%	-100.00%
Total Education	1,766,162,600	314,506,900	2,080,669,500	1,504,151,600	317,012,900	1,821,164,500	-12.47%	-14.84%
Medically Indigent (09)/ Catastrophic (10) Health Care	23,267,700	0	23,267,700	33,771,700	0	33,771,700	45.14%	45.14%
Department of Health and Welfare	496,283,000	138,532,000	634,815,000	428,775,400	152,889,300	581,664,700	-8.37%	-13.60%
Public Health Districts	10,073,400	492,100	10,565,500	8,601,600	266,600	8,868,200	-16.06%	-14.61%
State Independent Living Council	120,900	129,800	250,700	103,900	258,800	362,700	44.67%	-14.06%
Total Health and Human Services	529,745,000	139,153,900	668,898,900	471,252,600	153,414,700	624,667,300	-6.61%	-11.04%
Department of Correction	162,046,300	13,298,500	175,344,800	145,855,500	17,222,300	163,077,800	-7.00%	-9.99%
Judicial Branch	29,828,700	8,390,500	38,219,200	28,570,400	6,927,000	35,497,400	-7.12%	-4.22%
Department of Juvenile Corrections	37,018,800	6,759,400	43,778,200	32,182,900	6,926,900	39,109,800	-10.66%	-13.06%
Idaho State Police **	22,688,300	29,631,200	52,319,500	16,453,500	28,842,400	45,295,900	-13.42%	-27.48%
Total Public Safety	251,582,100	58,079,600	309,661,700	223,062,300	59,918,600	282,980,900	-8.62%	-11.34%
Department of Agriculture	16,498,500	14,592,100	31,090,600	11,531,100	15,740,600	27,271,700	-12.28%	-30.11%
Department of Commerce	8,220,800	8,534,200	16,755,000	4,231,900	7,099,100	11,331,000	-32.37%	-48.52%
Department of Finance	0	5,225,400	5,225,400	0	5,259,400	5,259,400	0.65%	n/a
Industrial Commission	13,963,100	616,500	14,579,600	12,294,300	687,700	12,982,000	-10.96%	-11.95%
Department of Insurance	6,554,500	433,100	6,987,600	6,049,600	422,000	6,471,600	-7.38%	-7.70%
Department of Labor	703,700	578,300	1,282,000	311,100	416,800	727,900	-43.22%	-55.79%
Public Utilities Commission	4,628,700	59,300	4,688,000	4,471,800	60,200	4,532,000	-3.33%	-3.39%
Self-Governing Agencies	3,671,600	43,034,700	46,706,300	8,402,500	44,878,800	53,281,300	14.08%	128.85%
Department of Transportation ***	0	247,642,300	247,642,300	0	228,005,900	228,005,900	-7.93%	n/a
Total Economic Development	54,240,900	320,715,900	374,956,800	47,292,300	302,570,500	349,862,800	-6.69%	-12.81%
Department of Administration **	7,920,400	142,592,600	150,513,000	6,828,800	101,308,400	108,137,200	-28.15%	-13.78%
Attorney General	18,207,000	205,100	18,412,100	15,761,300	777,100	16,538,400	-10.18%	-13.43%
State Controller	7,292,000	7,367,700	14,659,700	6,054,100	7,152,800	13,206,900	-9.91%	-16.98%
Office of the Governor **	18,583,500	28,243,700	46,827,200	14,959,000	52,718,400	67,677,400	44.53%	-19.50%
Legislative Branch	12,556,400	1,556,500	14,112,900	10,679,300	1,757,300	12,436,600	-11.88%	-14.95%
Lieutenant Governor	115,300	0	115,300	133,100	0	133,100	15.44%	15.44%
Department of Revenue and Taxation	26,838,600	6,705,400	33,544,000	24,440,500	8,352,500	32,793,000	-2.24%	-8.94%
Secretary of State	2,166,400	0	2,166,400	1,860,000	1,500,000	3,360,000	55.10%	-14.14%
State Treasurer	1,576,600	2,332,700	3,909,300	1,390,500	1,725,800	3,116,300	-20.28%	-11.80%
Total General Government	95,256,200	189,003,700	284,259,900	82,106,600	175,292,300	257,398,900	-9.45%	-13.80%
* Sources: FY 2011 and FY 2012 Idaho Legislative Budget Books: correspondence from IDEQ to EPA.								
** Selected agencies including IDEQ, had federal ARRA funds included in their 2010 Budget Book 2010 budget line item totals. A few agencies had ARRA funds in their 2009 budgets. These one time , federal ARRA funds should not be included when assessing the MOE which is based on state-only recurring costs.								
*** In addition to federal funds, Idaho's transportation budget includes money from registration fees and gas taxes but does not receive general fund support.								
Note: Increases in funds for self-governing agencies supported medical boards, state lottery operations, building safety, etc. Dedicated increases for the Governors's office largely attributable to increases in health, welfare and public safety programs.								

This notice constitutes a request for public comment and an opportunity for public hearing as required by the Clean Air Act. All written comments received by **[Insert date 30 days after date of publication in the Federal Register]** on this proposal will be considered. EPA will conduct a public hearing on this proposal only if a written request for such is received by EPA at the address above by **[Insert date 30 days after date of publication in the Federal Register]**. If no written request for a hearing is received, EPA will proceed to the final determination. While notice of the final determination will not be published in the Federal Register, copies of the determination can be obtained by sending a written request to Michael McGown at the above address.

Dated: March 22, 2012.

Michelle L. Pirzadeh
Deputy Regional Administrator

Region 10

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